

## Philippine Stock Exchange index (PSEi)

6,358.96

▼ 39.81 PTS.

▼ 0.62%

TUESDAY, JULY 2, 2024

BusinessWorld

## PSEI MEMBER STOCKS

<b>AC</b> Ayala Corp. P565.00 -P12.00 -2.08%	<b>ACEN</b> ACEN Corp. P4.89 -P0.09 -1.81%	<b>AEV</b> Aboitiz Equity Ventures, Inc. P37.45 -P0.30 -0.79%	<b>AGI</b> Alliance Global Group, Inc. P8.66 -P0.06 -0.69%	<b>ALI</b> Ayala Land, Inc. P28.50 -P0.40 -1.38%	<b>BDO</b> BDO Unibank, Inc. P128.50 -P1.50 -1.15%	<b>BLOOM</b> Bloomerry Resorts Corp. P9.50 ---	<b>BPI</b> Bank of the Philippine Islands P116.80 -P2.30 -1.93%	<b>CNPF</b> Century Pacific Food, Inc. P34.00 +P0.90 +2.72%	<b>CNVRG</b> Converge ICT Solutions, Inc. P11.00 -P0.50 -4.35%
<b>DMC</b> DMCI Holdings, Inc. P11.02 -P0.08 -0.72%	<b>EMI</b> Emperador, Inc. P18.56 -P0.02 -0.11%	<b>GLO</b> Globe Telecom, Inc. P2,080.00 -P8.00 -0.38%	<b>GTCAP</b> GT Capital Holdings, Inc. P561.00 -P17.00 -2.94%	<b>ICT</b> International Container Terminal Services, Inc. P352.00 +P3.00 +0.86%	<b>JFC</b> Jollibee Foods Corp. P226.20 +P1.00 +0.44%	<b>JGS</b> JG Summit Holdings, Inc. P25.65 -P1.00 -3.75%	<b>LTG</b> LT Group, Inc. P9.60 -P0.01 -0.1%	<b>MBT</b> Metropolitan Bank & Trust Co. P65.00 -P1.25 -1.89%	<b>MER</b> Manila Electric Co. P373.20 +P3.40 +0.92%
<b>MONDE</b> Monde Nissin Corp. P9.70 +P0.20 +2.11%	<b>NIKL</b> Nickel Asia Corp. P3.80 +P0.09 +2.43%	<b>PGOLD</b> Puregold Price Club, Inc. P24.25 +P0.05 +0.21%	<b>SCC</b> Semirara Mining and Power Corp. P32.70 -P0.25 -0.76%	<b>SM</b> SM Investments Corp. P828.00 -P4.00 -0.48%	<b>SMC</b> San Miguel Corp. P101.70 +P1.30 +1.29%	<b>SMPH</b> SM Prime Holdings, Inc. P28.10 +P0.10 +0.36%	<b>TEL</b> PLDT Inc. P1,430.00 -P10.00 -0.69%	<b>URC</b> Universal Robina Corp. P107.30 -P1.10 -1.01%	<b>WLCON</b> Wilcon Depot, Inc. P17.90 +P0.20 +1.13%

# Budget carrier CEB commits to P1.4-trillion Airbus purchase

By Ashley Erika O. Jose  
Reporter

BUDGET CARRIER Cebu Pacific (CEB) has agreed to buy up to 152 A321 new engine option (NEO) aircraft from European plane-maker Airbus, valued at P1.4 trillion or \$24 billion, marking the largest aircraft order in the Philippines.

"The order is designed to provide Cebu Pacific with maximum flexibility to adapt fleet growth to market conditions, with the ability to switch between the A321neo and A320neo," Cebu Air Chief Executive Officer Michael B. Szucs told the stock exchange on Tuesday.

The airline, operated by Cebu Air, Inc., did not specify a timeline for the arrival of its aircraft order, as the agreement with Airbus is expected to be finalized in the third quarter.

The budget carrier said that it has selected Pratt & Whitney GTF engines to power the aircraft, despite previously reported issues with the engine manufacturer. The agreement will include orders for up to 102 A321neo and 50 A320neo aircraft.

According to Airbus' website, the A321neo is the aerospace company's longest-fuselage aircraft, capable of seating up to 244 passengers.

Meanwhile, the A320neo is touted as Airbus' "most comfortable" short-to-medium-haul aircraft, accommodating a maximum of 194 passengers.

Airbus' NEO aircraft is known for its enhanced fuel efficiency, representing the latest generation of Airbus planes designed to



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be highly compatible with sustainable aviation fuel (SAF).

Currently, all Airbus aircraft are certified to operate with up to a 50% SAF blend, aligning with Cebu Pacific's goal of integrating green fuel across its network.

"When finalized, the deal will be a significant milestone for the local airline industry and a testament to CEB's unwavering commitment to support the Philippine growth story," Mr. Szucs said.

With the purchase, Cebu Pacific will more than double its current fleet. Currently, the budget carrier operates a fleet of 73 Airbus and ATR aircraft.

The airline currently serves 35 domestic and 24 international destinations across Asia, Australia, and the Middle East.

Cebu Air reported a P2.24 billion attributable net income for the first quarter, more than doubling last year's P1.08 billion.

First-quarter revenues surged to P25.3 billion, representing a 21.2% increase from P20.88 billion previously.

The airline previously said that its aircraft order would en-

able it to increase capacity and passenger volume.

For the first quarter, Cebu Pacific's passenger revenues increased to P17.83 billion, up by 24.8% from the P14.29 billion a year ago, due to the overall increase in travel demand.

The company saw a significant increase in its passenger volume to a total of 5.5 million in the first three months of the year from only 4.8 million previously.

"Good that CEB is expanding. It will improve revenues and in line with increased tourism also," BDO Capital & Investment Corp. President Eduardo V. Francisco said in a Viber message.

Regina Capital Development Corp. Head of Sales Luis A. Limlingan said Cebu Pacific's move is a strategic decision to cater to its service and route expansion plans.

"This entails substantial capital expenditure and potential financing hurdles, still it can be viewed to offer long-term benefits such as improved operational efficiency, reduced costs, and enhanced market position," Mr. Limlingan said.

He said the move, though requires significant capital expenditure and "potential financing hurdles," could offer long-term benefits as it is set to enhance the company's operational efficiency.

"This move is likely to boost investor confidence by signaling growth potential, though its impact on profitability will depend on successful execution and broader macroeconomic backdrop," he added.

For her part, First Metro Investment Corp. Head of Research Cristina S. Ulang said in a Viber message: "Definitely positive for long-term P&L (profit and loss) and growth outcome."

Aside from the recently signed aircraft order, Cebu Pacific is also expecting to receive 17 aircraft in 2024.

Last month, Cebu Pacific said it had received its turboprop aircraft, marking its sixth aircraft delivery for the year.

At the local bourse on Tuesday, shares in the company gained 10 centavos or 0.37% to end at P27.20 each.

## BW ONE-ON-ONE

### Marubeni PHL shifts focus to RE as coal contracts near end

By Aubrey Rose A. Inosante

AS the 25-year contracts for the coal-fired power plants of Japanese firm Marubeni Philippines near their end, Shigeru Shimoda, the company's president and chief executive officer, leads a transition towards renewable energy (RE).

The objective is to reduce coal reliance by 2025, aligning Marubeni with global sustainability goals, he said in an interview with *BusinessWorld*.

"Currently, our power generation is in Pagbilao (Quezon) and Sual (Pangasinan), both of which are large coal-fired power plants, but the build-operate-transfer (BOT) contracts (will expire soon)," he said.

The BOT contracts for the Sual and Pagbilao plants will expire in 2024 and 2025, respectively.

A BOT contract refers to a financing model commonly used for large-scale projects, typically infrastructure projects developed through public-private partnerships.

Team Energy Corp., a joint venture between Japanese companies Marubeni Corp. and JERA, functions as an independent power producer that owns and operates the 1,218-megawatt (MW) Sual Power Station in Pangasinan and the 735-MW Pagbilao Power Station in Quezon. In collaboration with Aboitiz Power Corp., it also operates the 420-MW coal-fired Pagbilao Unit 3.

"We need alternatives. It's not straightforward, but we are exploring floating solar and offshore wind projects alongside other players," he said, adding that San Miguel Corp. and Aboitiz Power Corp. will take over Sual and Pagbilao.

Mr. Shimoda said that the company is keen on maximizing the San Roque Multi-Purpose Dam and Hydroelectric Plant in Pangasinan but is still in discussions with the Department of Environment and Natural Resources.

Marubeni, which began operations in the Philippines in 1909, is also exploring opportunities in solar farms, but it is hindered by foreign restrictions in terms of land ownership.

Nevertheless, the company is determined to identify a suitable location and establish partnerships with reliable local entities, Mr. Shimoda said.

"Mr. President says solar is fine,

however, we always have to take into account the land competition among the farmers as you try to develop. Let's say developing gigawatts of solar, it could take thousands of hectares," he said.

"Looking at the whole Marubeni, the power division developed a huge size of the solar power generation in the Middle East. Marubeni, as one of the leading Japanese companies, we have to do [these] to tackle global warming," he said.

Mr. Shimoda also noted Marubeni's interest in the operation and maintenance of the North-South Commuter Railway, which spans 147 kilometers and is currently being developed as a commuter rail system in Luzon.

Besides renewable energy initiatives, he highlighted the company's healthcare involvement through a joint venture with LSI Medience Corp. and Metro Pacific Hospitals.

"Last year, we invested in In Vitro Fertility (IVF) services in Quezon City," he said, noting that Marubeni and Towako Repro Bio Cell, Inc. operate through a joint venture company Conceive IVF Manila, Inc.

#### PATH TO LEADING MARUBENI PHL

Mr. Shimoda began his journey with Marubeni in 1988, opting for a different path from his father who held a position at Mitsubishi Corp. He initially ventured into wood chip plantation development and progressed to the role of president director at P.T. Musi Hutani Persada, overseeing a tree plantation in Indonesia.

Reflecting on his assignment as president and CEO of Marubeni Philippines, he acknowledged his prior experience with Southeast Asian countries despite never having visited the Philippines before.

As the pandemic disrupted normal business operations, Mr. Shimoda assumed his role in the Philippines in April 2020, navigating virtual interactions from his condo.

Recognizing the challenge of establishing his presence remotely, he said he endeavored to introduce himself through digital platforms to Filipino business counterparts already familiar with Marubeni.

He said his integration into the local business community began gradually through invitations from Mr. Edgardo Puyat Reyes, whom he met at the Manila Golf Club.

## Okada scraps Dennis Uy's Cebu casino acquisition plan

By Revin Mikhael D. Ochave  
Reporter

OKADA MANILA operator Tiger Resort Leisure & Entertainment, Inc. (TRLEI) has ended talks to acquire a majority stake in Dennis A. Uy's Emerald Bay integrated resort project in Mactan, Cebu.

Uy-led listed company PH Resorts Group Holdings, Inc. announced in a stock exchange disclosure on Tuesday that its subsidiary PH Travel and Leisure Holdings Corp. received a letter from TRLEI on July 1, terminating the term sheet for the deal entered into in December last year.

TRLEI is the third group that withdrew its investment plan in the Emerald Bay project, following Razon-led integrated resort operator Bloomerry Resorts Corp. and Cebu-based property developer AppleOne Properties, Inc.

The term sheet contained the basis for TRLEI to acquire a "significant majority ownership" in PH Travel subsidiaries Lapulapu Leisure, Inc. and Lapulapu Land Corp., which are the entities that operate the Emerald Bay Project.

The parties were originally scheduled to execute the agreements under the term sheet in July.

TRLEI is the Philippine unit of Japanese gaming firm Universal Entertainment

Corp., while PH Resorts is the gaming and tourism holding company of Mr. Uy's Udenna Group.

PH Resorts President Raymundo Martin M. Escalona said the company would meet with other parties that have shown interest in the Emerald Bay project.

"We understand that the Okada Manila operator no longer intends to pursue the Emerald Bay acquisition. Nevertheless, this development shall give PH Resorts the opportunity to engage with other parties which have already expressed their keen interest in the Emerald Bay Project, but have been unable to formalize due to the restrictions under the TRLEI deal," he said.

"We assure our shareholders and stakeholders, however, that the company's management is already working towards another transaction, be it an acquisition, joint venture, or otherwise, that will ensure the completion of the Emerald Bay Project," he added.

Emerald Bay is a planned integrated resort with a five-star hotel adjacent to 300 meters of beachfront, with two 15-storey towers offering 642 rooms, four pools, 18 food and beverage outlets, retail spaces, conference and exhibition facilities, and a large-scale gaming floor with over 700 electronic gaming machines and over 140 tables.

Sought for comment, AP Securities, Inc. Research Head Alfred Benjamin R. Garcia

said in a Viber message: "Clearly there is something undesirable in PH Resort's books, as this is the third bail-out attempt to fall through."

"I think at this point, it's doubtful that PH Resorts can secure a partner unless it lowers its asking price," he added.

*BusinessWorld* sought comments from TRLEI and Okada Manila but had not received a response as of the deadline.

For the first quarter, PH Resorts widened its net loss to P246.92 million from the P212.31-million net loss in the same period last year due to a P10.2-million foreign exchange loss.

The company recorded an 87.2% increase in its first quarter revenue to P11.9 million from P6.35 million in 2023. Operating expenses fell by 4% to P34.6 million due to lower salaries and wages.

"Pursuant to the provisions of the term sheet, Lapulapu Leisure received partial nonrefundable payments from TRLEI totaling P327.6 million and P300.1 million as of March 31, 2024 and Dec. 31, 2023, respectively. These are presented as part of advances for future stock subscription under Liabilities in the consolidated statement of financial position as of March 31, 2024," PH Resorts said in the regulatory filing.

On Tuesday, PH Resorts shares fell by 19.44% or 14 centavos, ending at 58 centavos per share.

#### FULL STORY



Read the full story by scanning the QR code or by typing the link  
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